

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – SEPTEMBER 21, 2005**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Eddie Edwards, Chief of Enforcement; Steven Slovenski, Legal Counsel; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Thomas Chagnon, Assistant Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.; Michael Goclowski, Law Warehouses.

**EXCUSED:** Howard Roundy, Director of Information Technology.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

Total sales for the week ending September 18, 2005 increased by 1.23% or \$89,468, as they did year-to-date by 4.18% or \$3,937,232.

##### **B. Budget/Administrative Reports:**

There are no Liquor Commission items on the Governor and Council agenda for this morning's meeting.

The latest Expense Budget Activity Variance Report shows the year to be at around 22.5% expired, with total agency expenditures at about 18%. The utilities and payroll categories are being closely observed. Workers' Compensation is up about 150% compared to last year.

The number of auditors upstairs has decreased from three to one.

Last week bids were opened for snow plowing contracts. Only one bid was received for each of the five locations, and the increases in pricing were very large, even with taking the increase in fuel prices into consideration. Accounting will reject all bids and do some expanded advertising. Commissioner Russell inquired about the possibility of utilizing large pick-up trucks and working with the Department of Transportation at the larger stores. George replied that such a plan could be considered for the next biennium. He will keep the Commission advised on this issue.

2. IT Report

All of the disaster recovery computer equipment has been installed in the rack on the second floor hallway of Store #76 in Hampton. The environment is on-line and functional. IT is now working with Verizon and our WAN router vendor in getting data communication to occur between this equipment, headquarters and all 75 stores.

Last Monday a new network switch was installed in the server closet in the computer room. This device will be replacing and consolidating older and obsolete network equipment. This particular Cisco network device will provide higher network speeds between computer equipment and also offers redundant components within this device. More than half of the network equipment has been cutover to this environment as of Tuesday morning.

3. Human Resources Report

Evie explained that the rise in workers' compensation costs was caused by some big cost increases and four large payoffs.

Regarding overdue evaluations, Evie reported one in the warehouse, one in Marketing and six in the stores.

Sexual harassment training is being scheduled on October 24th and 25<sup>th</sup> for the warehouse and headquarters. A memo will be sent out regarding this.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for the week ending 9/18/05 rose by 2.10% or \$119,726.63. The biggest increases were at Store #22 Brookline and Store #15 Keene.

Peter is looking at next Wednesday around mid-afternoon for the opening of the new Glen location. Shelving will be installed in the store today.

Quarterly inventory will be taken next week in all stores.

There are currently four training sessions being held regarding northwest wines and Starbucks products.

2. Purchasing Report: No report given.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Camaya Coffee Liqueur, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission reverse its decision of August 31, 2005 and grant a request from Martignetti Companies of N.H./Dock & Lord for a new test market listing for Camaya Coffee Liqueur, 1.75L size (assigned new Code #4893), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Results (Code #3519):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of added size Code #3519, Ciroc Vodka, 1.75L size, as this product failed to achieve the gross profit required for full distribution at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Mark Down of One-Time Buy/Discontinued Product:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve mark-downs in price on a one-time buy on Code #5210, Carolans Irish Cream, 4 pack and on delisted Code #5266, Amaretto E'Dolce, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) November Special Offers:

a. 6 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions for six (6) spirit items, to be featured on sale during November 2005, as recommended by Richard

Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 item – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage Company, based upon depletions for one (1) spirit item, to be featured on sale during November 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for November 2005:

a. 8 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from R.P. Imports, based upon depletions/special purchase allowances for eight (8) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 10 items – Charles Saunders:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Charles Saunders, based upon depletions for ten (10) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 42 items – E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from E & J Gallo, based upon depletions/special purchase allowances for forty-two (42) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and

concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 3 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Pine State Trading Company, based upon depletions/special purchase allowances for three (3) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 28 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Pine State Trading Company, based upon depletions for twenty-eight (28) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Display Request (Casillero Del Diablo):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny a request from Horizon Beverage Company/Banfi Vintners to floor stack four varietal wines from Casillero Del Diablo in Cluster 1 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Consumer Sweepstakes:

a. “Stock Up Your Wine Cellar”:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Pine State Trading Company/E & J Gallo Winery to conduct a “Stock Up Your Wine Cellar” sweepstakes during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Mt. Sunapee Ski Pass:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Pine State Trading Company/E & J Gallo Winery to conduct a Mt. Sunapee Ski Pass consumer sweepstakes during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Allied Domecq:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Wines USA to conduct a consumer sweepstakes for twenty customers to win a TV/DVD player during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated Wines for Distribution to Selected Stores (9 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the distribution of nine (9) allocated wines to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Allocated Wines with Subpacks for Distribution to Selected Stores (5 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the distribution of five (5) allocated wines with subpacks to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Primary Source Submissions (2 exclusive agent; 13 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of two (2) wine codes which are offered by the exclusive marketing agent and thirteen (13) wine codes which are imported, as recommended by Nicole Horton, Wine Marketing Specialist and John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Tabled Items:

- a. Purchase & Introduction of Folonari Shiraz & Chianti (9/14/05, Item B-2-c): Item remained on the table pending receipt of further information from the broker.

**III. ENFORCEMENT & LICENSING REPORT**

In response to Commissioner Russell's request as to the status of the spare car, Chief Edwards said that Paul Cote is looking into the cost of repairs.

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated September 15 through September 21, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

- a. Seasonal Store Hours Revisions (Stores #12 and #28):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve store hour revisions for Store #12 Center Harbor and Store #28 Seabrook Beach, effective Monday, September 26 through Saturday, December 31, 2005, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

